Supreme Court, U.S.
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No. 98-1872

IN THE

Supreme Court of the United States

NASHUA CORPORATION,

Petitioner,

v.

RICOH COMPANY, LTD., RICOH CORPORATION and RICOH ELECTRONICS, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONER

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INTRODUCTION

Despite the fact that the Federal Circuit has ignored this Court's long-standing precedents which protect the public from dilatory changes to a patent; despite the fact that the Federal Circuit has ignored statutory law and Congressional intent providing for a narrow means to expand an issued patent; despite the fact that the Federal Circuit and its predecessor court have created the present problem by improperly allowing the issuance of "double patents" for non-patentable subject matter, and now ignore the necessary public protection if such patents are allowed to issue; despite the fact that the Federal Circuit has ignored its own admonitions on this subject; despite the fact that the Federal Circuit is an unusual court having national jurisdiction with national implications on competition and commerce; and despite the fact that this Court is the only judicial body having supervisory power over the Federal Circuit; Ricoh somehow argues that this matter is inappropriate for review. Simply stated, the Federal Circuit has erred, both as a matter of law and fairness to the public. A wrong has been done to an individual petitioner — Nashua — but the wrong is pervasive, and has far-reaching and significant chilling effects on competition and the public at large. It is entirely appropriate for this Court to exercise its supervisory power to correct this wrong.

Without doubt, legal issues control a case, and this matter is no different. Yet, this is also a case where one may take a step back, look at the issues from an overview perspective, and conclude that common sense and historical analysis support a review (and reversal) of this matter. It only seems fair and equitable that protection be given to members of the public when they rely on the scope of an *issued patent* to avoid infringement, only to find themselves accused of infringement when a later but broader patent (a "double patent") issues on the same subject matter by the same applicant. This need for protection is especially true when the broader subject matter had been surrendered to the public in the first patent. It is for this reason that both this Court and Congress implemented the protection

of intervening rights and the proscription against a patentee's recapturing subject matter dedicated to the public. However, what has been obvious to this Court and Congress has escaped the attention of the Federal Circuit.

I. NASHUA'S WRIT SHOULD BE GRANTED AS IT PRESENTS COMPELLING ISSUES REQUIRING THE COURT'S REVIEW.

Ricoh's claim that Nashua has not satisfied the requirements for obtaining this Court's review under Supreme Court Rule 10 rings hollow in light of the plethora of Supreme Court precedents and statutory protections cited by Nashua as contrary to the holding and effect of the Federal Circuit decision in this case. Nashua has presented a compelling showing that the procedure created by the Court of Customs and Patent Appeals ["CCPA"], and validated by the successor Federal Circuit, by which "double patents" are issued without the public protection mandated by this Court and Congress, undermines fundamental principles of the United States patent system. The Federal Circuit decision vitiated at least the following precedents and statutory mandates:

- a patentee is prohibited from recapturing material that the patentee had dedicated to the public to gain allowance of a first patent. *See Leggett v. Avery*, 101 U.S. 256, 259 (1880) and cases cited at pp. 16-17 of Nashua's Petition.

- a patentee is prohibited from obtaining broadened patent coverage (i) without notice to the public that such broader claims are being sought; (ii) outside a two-year limit and (iii) without affording intervening rights to a competitor marketing goods which do not infringe the originally issued claims. *See Sontag Chain Stores Co. v. Nat'l Nut Co.*, 310 U.S. 281 (1940); *Webster Electric Co. v. Splitdorf Electrical Co.*, 264 U.S. 463, 471 (1924); (two-year limit of *reissue law* applied to a divisional *continuation*); 35 U.S.C. §§ 251, 252; 37 C.F.R. § 1.11(b).

- a patentee is prohibited from obtaining more than one patent for one invention, thereby precluding "double patents". *Miller v. Eagle Mfg. Co.*, 151 U.S. 186 (1894).

II. THIS MATTER INVOLVES A COURT-MADE PROBLEM THAT REQUIRES A COURT-MADE SOLUTION.

Understandably, Ricoh wishes to sidetrack any review by this Court by stating that Congress must resolve the issue. (Brief in Opposition at 22-25). The fallacy of Ricoh's position is that both this Court *and* Congress have resolved the issue of protecting the public from dilatory changes to a patent. It was the Federal Circuit and its predecessor court, the CCPA, that *subsequently* created a new type of patent — a "double patent" — to circumvent the carefully crafted law which protects the public from unfair changes to an issued patent.

The relevant legal history is not disputed. Last century, this Court concluded that a patentee is only entitled to one patent for one invention. *Miller v. Eagle Mfg. Co.*, 151 U.S. 186, 197-198 (1894). ("The result of the foregoing and other authorities is that no patent can issue for an invention actually covered by a former patent, *especially to the same patentee*, although the terms of the claims may differ; that the second patent, *although containing a broader claim*, more generical in character than the specific claims contained in the prior patent, *is also void* . . ." *Id.* at 198 (Emphasis added)). In other words, it is improper for the Patent Office to issue "double patents".

Furthermore, over one hundred years ago, the reissue laws were enacted by Congress and reviewed by this Court. The reissue laws permitted limited correction to issued patents under specified guidelines. This Court, however, found it inherently inequitable to allow a deceptive procedure which causes the public to rely on the scope of an issued patent to design and market a non-infringing product only to have a patentee thereafter change the scope of the first patent (by obtaining a reissue patent) to encompass what had been a non-infringing product. Correcting this problem, and invoking its inherent equitable powers, this Court approved the intervening rights doctrine postulated by the district and appellate courts. *Sontag*

Chain Stores Co. v. National Nut Co., 310 U.S. 281, 290 (1940). This common sense equitable protection was *also* codified by Congress in the far-reaching 1952 Patent Act. 35 U.S.C. § 251-252.

The history discussed above is significant. When Congress promulgated the 1952 Patent Act, "reissue" was the only means allowed by this Court and Congress to broaden the scope of an issued patent. A careful balance was struck between allowing a patentee to obtain broader coverage in a reissue patent, yet protecting the public from unfair and untimely changes. Consequently, 1) a patentee is not allowed to wreak havoc upon competition by recapturing in a reissue patent material that had been surrendered in the original patent, *Leggett*, 101 U.S. at 259, 2) any broadened claim must be requested within the narrow time frame of two years from patent issuance, 3) any request for the broadening of issued patents must be made public, 4) a verified showing must be made showing that an "error" was made, and 5) intervening rights must be granted to a competitor who relies on the scope of an issued patent to design a non-infringing patent but who is accused of infringing a later reissue patent having broader claims. 35 U.S.C. § 251-252; 37 C.F.R. § 1.11(b).

Contrary to Ricoh's arguments, there was no need for Congress, or this Court, to discuss the so-called continuation patents because "double patents" did not exist. In any event, this Court and Congress clearly expressed the intent to protect the public from late-filed, broadened claims *no matter what method was used.*

It cannot be overemphasized that the present problem was *subsequently* created by the CCPA. In 1964, the CCPA *created*, for the first time, "double patents" which did not have separably patentable subject matter. *In re Robeson*, 331 F.2d 610 (CCPA 1964). In contravention of this Court's admonition in *Eagle*, the CCPA allowed two patents to issue for one patentable invention. The CCPA justified this change in the law by arguing

that if the second patent has its term truncated by a "terminal disclaimer" under 35 U.S.C. § 253 and the patentee or patent owner agrees that ownership of the two patents may not be separated, no harm would be done to the public. *See also* 37 C.F.R. § 1.321(c) at Petition Appendix 78(a). *In other words, it is as if the claims of the second patent are actually part of the first patent. See In re Braithwaite*, 379 F.2d 594, 601 (CCPA 1967) ("When a terminal disclaimer causes two patents to expire together, a situation is created which is tantamount for all practical purposes to having all claims in one patent."). Notwithstanding Ricoh's arguments to the contrary, *the result of all this is that a "double patent" issuing with broader claims over its parent patent is identical, not just similar, to a reissue patent.* Accordingly, the public is clearly entitled to the same protection, *no more and no less*, than that provided under the reissue laws and under this Court's inherent powers of equity.

It is also a fallacy to argue that Congress allowed this "double patenting" continuation procedure. In this regard, Ricoh first asserts in its "restated" question that the Federal Circuit applied the continuation law of 35 U.S.C. § 120 "precisely according to its terms." Ricoh then emphasizes the portion of § 120 which states that a continuation application "shall have the same effect, as to such invention, as though filed on the date of the prior application." These points actually highlight the error at issue. A *proper* continuation patent is treated no differently than its earlier parent patent. Accordingly, a continuation patent is entitled to its own full term monopoly under 35 U.S.C. § 154 and has the important ownership rights that permit the unrestricted transfer of the patent under 35 U.S.C. § 261. Yet, in creating this new creature known as a "double patent", the CCPA *required* that the statutory full term monopoly *be shortened* to coincide with the life of the parent patent and that ownership of the two patents could *not* be separated. *Congress never placed these limitations on a continuation patent.* In other words, the unprecedented double patent created by the CCPA (and accepted by the Federal Circuit) is not

"precisely" according to the terms of 35 U.S.C. § 120 *and is not the continuation allowed by Congress.*[1]

Even if the Court found intervening rights applicable to continuation patents, Ricoh argues that Nashua would not be entitled to intervening rights because they would be made prospective by the Court. Ricoh is wrong. The early cases enunciating the equitable defense of intervening rights in the reissue context, and most importantly, *Sontag Chain Stores*, *supra*, held that personal intervening rights would be an available defense, sufficient in law, if born out by the facts of the case — as it was in *Sontag*. Intervening rights were not created prospectively. There is no basis to argue that intervening rights would be applied in the continuation context on a prospective basis — and thus, not available to Nashua — and Ricoh cites no support for this contention.

III. RICOH ERRS BY ARGUING THAT IT'S SURRENDER OF CLAIM SCOPE TO RECEIVE PATENT ALLOWANCE DID NOT CREATE A FILE WRAPPER ESTOPPEL.

Ricoh argues that the claims of its '603 continuation patent are within the scope of the disclosure of its original '730 patent application, and therefore, claim scope surrendered to receive allowance of the '730 patent and recaptured in the '603 patent

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1. Ricoh's argument that Congress has made other, but unrelated, changes to the patent laws in the last few years means that Congress declined to apply intervening rights to later, judicially-created "double patents" is inapposite. Congress, in fact, expressed its intent in the 1952 Patent Act to protect the public. Inactivity on the matter since that time does not indicate that Congress would alter its protective view if squarely presented with the issue today.

Moreover, as discussed at p. 21 of our Petition, this Court has already analogized, and applied, the "reissue" laws to divisional *continuations*, including "intervening private or public rights" when it stated, "In other words, we follow in that respect the analogy furnished by the patent reissue cases." *Webster Electric Co. v. Splitdorf Electric Co.*, 264 U.S. 463, 471 (1924).

is proper and no file wrapper estoppel arises. (Brief in Opposition at 18-22) Under Ricoh's skewed analysis, Nashua did not develop a design-around cartridge based on the issued claims of the '730 patent because Nashua's smooth-walled container was disclosed in Ricoh's initial application.[2] The thrust of Ricoh's argument seems to be that so long as the original specification (*i.e.*, description section) of a patent supports late filed claims, then there can be no file wrapper estoppel or double patenting. In particular, Ricoh states over and over again that the world is on notice that anything in Ricoh's original patent specification should be considered a potential invention and thus avoided (without any time limit). Ricoh is dead wrong, and tellingly, cites no precedent for this novel claim, and ignores all precedents to the contrary cited by Nashua at pages 16-17 of its petition.

Of course, a continuation patent must have continuity of disclosure under 35 U.S.C. § 120. But, Ricoh ignores a basic tenet of patent law, that claim scope "formally abandoned" during prosecution to gain patent allowance cannot be recaptured — whether in the reissue context or continuation context. *Leggett v. Avery*, 101 U.S. 256, 259 (1880); *C-Thru Prods. Inc. v. Uniflex, Inc.*, 262 F. Supp. 213, 217-18 (E.D.N.Y. 1966), *aff'd*, 397 F.2d 952 (2d Cir. 1968) and cases cited at pp. 16-17 of Nashua's petition. The prosecution file is the "undisputed public record" on which the public must rely to separate what they are permitted to do from that which they may not practice. *See Markman v. Westview Instr., Inc.*, 52 F.3d 967, 978-79 (Fed. Cir. 1995),

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2. Ricoh also implies that Nashua did not design-around the '730 claims as it eliminated only one of the two limitations the Examiner identified as reasons for allowance. (Brief In Opposition at 21-22). (Actually, Ricoh admits that Nashua eliminated two key features — the removable gear and internal spiral. *Id.* at 6. This caused Ricoh to dismiss its claim for infringement under the '730 patent). In any event, Ricoh's argument is a red herring, as eliminating even one limitation renders Nashua's cartridge non-infringing. *See Warner-Jenkinson v. Hilton Davis*, 520 U.S. 17, 29 (1997); *Digital Biometrics, Inc. v. Identix, Inc.*, 149 F.3d 1335, 1349 (Fed. Cir. 1998).

aff'd, 517 U.S. 370 (1996). In essence, the issued claims of a patent determine its scope, not everything in the specification or written description, which often contains prior art, is prohibited from public use. Ricoh's argument that 1) the public must review the disclosure of an application to the Patent Office, 2) that the public must assume that a continuation patent *may* be applied for *at any time*, and then, 3) the public must divine what claims that specification could support, is absurd. Ricoh would have its competition sit on their hands for years waiting to see what Ricoh might gain from the Patent Office in secret continuation applications. The file wrapper and issued claims could no longer be relied upon by practitioners with any certainty. Not surprisingly, Ricoh cites no support for this farfetched fiction of patent practice.[3]

At oral argument before the Federal Circuit counsel for Ricoh conceded that the addition of the limitations of the internal spiral and removable gear to gain allowance of the '730 patent would create a file wrapper estoppel if no continuation patents were filed.[4] Nashua submits that there is no law, and Ricoh has

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3. It is curious that the Federal Circuit has appreciated, but fails to apply here, this Court's recent emphasis on the importance of certainty in defining the scope of exclusive rights. *Sage Products, Inc. v. Devon Industries, Inc.*, 126 F.3d 1420, 1425 (Fed. Cir. 1997) (citing *Markman v. Westview Instr., Inc.*, 517 U.S. 370 (1996)). The *Sage* court was particularly concerned that narrow claims should not be unfairly expanded to foreclose business activity by the public at large. *Id.* The Court concluded, "*Because this issued patent contains clear structural limitations, the public has a right to rely on those limits in conducting its business activities.*" *Id.* (Emphasis added). Such is the case here.

4. Contrary to Ricoh's indignation of supposed falsehood with respect to an assertion that Ricoh conceded at the appellate oral argument that file wrapper estoppel existed, an unofficial transcription of the relevant portion of the Federal Circuit's audio tape states:

> Court: Didn't you give up those two elements in the prosecution history estoppel?
>
> Mr. Friedman: Yes, against claim one [the only independent claim], yes we did.

offered none, which supports the contrary outcome simply because the surrender of claim scope occurred in the continuation context.

IV. THE REMAINDER OF RICOH'S OPPOSITION IS SIMILARLY UNAVAILING.

Ricoh makes a number of additional arguments which are simply wrong.

Ricoh once again relies upon the only case cited by the district court to support its conclusion that intervening rights cannot be applied to a double patent continuation. This case, *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 874 (Fed. Cir. 1988), is also the basis for the relevant portion of the Federal Circuit's decision in *Texas Instrument, Inc. v. United States Int'l. Trade Commission*, 871 F.2d 1054, 1065 (Fed. Cir. 1989) relied upon in the appellate decision here. Yet, the *Kingsdown* case is so far removed from the present issue it is difficult to discern how it could possibly be relevant. All *Kingsdown* said was that there is nothing improper for a patent applicant to file a continuation application after seeing a competitive product and then draft his or her claims to encompass the competing product. However, *Kingsdown* had nothing whatsoever to do with "double patenting", "intervening rights" or "claim scope recapture", the only issues presented here. There was no issuance of a parent patent in *Kingsdown*. In the absence of *two* patents, there was no intervening activity, there was no double patent, and there was no claim scope recapture.

Ricoh also errs when it states that the district court decided that Nashua was not entitled to intervening rights as a matter of fact. Indeed, the district court completely declined to consider any factual issues by holding that intervening rights is not available as a matter of law for "double patent" continuations.

(Ricoh attempts to confuse subsequent and unrelated issues of equitable estoppel with intervening rights.).[5]

CONCLUSION

Nashua respectfully requests that this Court grant its petition for a writ of certiorari and on review, reverse the judgment of the Court of Appeals for the Federal Circuit in this case.

Respectfully submitted,

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5. At page 12 of its brief, Ricoh also suggests that its '603 patent is not a "double patent". This novel argument, never presented to the district or appellate courts is simply wrong. At pages 6-7 of our Petition, FN 5, we quote the Examiner's rejection for "double patenting". It is for this reason that Ricoh acquiesced to this rejection and filed a "terminal disclaimer" to gain allowance of the judicially created double patent.